

Town of Frederick Board of Trustees



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AM 2010-110


Request for Proposals for Independent Professional Financial Auditing Services

Agenda Date: Town Board Meeting - October 26, 2010

Attachments:

Fiscal Note: Included in 2011 Preliminary Budget


Administrative Services Director

Submitted by: 
Administrative Services Director

Approved for Presentation: 
Town Administrator

AV Use Anticipated Projector _____ Laptop _____

Certification of Board Approval:

Town Clerk

Date

Summary Statement:

It is a common sound internal practice to open up bids for services that are outsourced or provided by the private sector industry. The Town is proposing that a Request for Proposal (RFP) to audit its financial statements.

Detail of Issue/Request:

The Town has been with its current auditor for over 10 years, therefore; we are proposing that a competitive RFP process is established for qualified firms of certified accountants to audit the Town's financial statements for the fiscal year ending December 31, 2010. CRS §29-1-603 requires an annual audit and CRS §29-1-602 requires the audit to be done by a certified public accountant. The Town

desires the Auditor to express an opinion on the fair presentation of its governmental activities, its business-type activities, each of its major funds, and its aggregate remaining fund information and conformity with Generally Accepted Accounting Principles. It is proposed that staff will put together a RFP process to begin immediately and potentially have the three top firms on the agenda for the December 14, 2010 Board Meeting with a recommendation of the top firm.

The proposals will be submitted and evaluated by an RFP committee consisting of, but not limited to, the Town Administrator, Administrator Services Director, and Finance Manager. The RFP committee will develop a review process to score the proposals. At this point, the firms with an unacceptably low score, or impartial submittal, will be eliminated from further consideration. Proposals will be evaluated using the some of the following, but not limited to, criteria: the audit firm is independent and licensed to practice in Colorado, the audit firm's professional personnel have received adequate continuing professional education, price, no conflict of interests with the Town, the firms most recent external quality control review report, expertise, experience, and performance on comparable government engagements, as verified by references, quality of firm's professional personnel to be assigned to the engagement and quality of management support to personnel to be available for technical consultation, adequacy of proposed staffing plan to complete the audit, adequacy of reporting the Town Board, etc.

During the evaluation process, the Town may, at its discretion, request any one or all firms to participate in an interview. The interviews will provide the Town with an opportunity to ask any questions on a firm's proposal. A firm will be recommended by the RFP committee, but the Town Board will award the contract.

Legal/Political Considerations:

Once the top three firms have been selected, and a recommendation by the RFP committee, legal will review the proposed contract.

Alternatives/Options:

Since CRS §29-1-603 requires an annual audit and CRS §29-1-602 requires the audit to be done by a certified public accountant, staff could continue with its current auditor that has been with the Town over 10 years or open up a competitive process to ensure the Town is receiving the best services for the cost.

Financial Considerations:

Funding has been included in the Administrative Services Department of the General Fund for Auditing Services. In the 2011 preliminary budget, staff is proposing \$12,000 to be allocated for the independent professional auditing services.

Staff Recommendation:

Staff recommends the Board proceed with staff's recommendation to begin the RFP process for an independent professional auditing service.